



The
**Marketing of Canadian
Grain Under War
Conditions**

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ADDRESS DELIVERED BY

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WINNIPEG GRAIN EXCHANGE
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THE MARKETING OF CANADIAN GRAIN UNDER WAR CONDITIONS

At the annual meeting of this Exchange last year, my predecessor gave a sketch of the main effects of the war upon the grain trade of this continent. With your permission I desire to continue the story commenced by my predecessor and to note briefly how the grain trade at Winnipeg was affected during the year.

COARSE GRAINS

I wish to begin by reminding you that the Board of Grain Supervisors for Canada did not attempt to regulate the marketing of coarse grains. As you know, the United States authorities did not fix the prices of coarse grains, and it would be difficult for Canada to fix the price of, for example, oats so long as the price was not fixed in the United States. In addition to that, the Canadian Government did not provide a buyer for coarse grains, and our experience during the past year has shown that if the price of any grain is to be fixed, provision must be made so that some buyer will take the grain at the fixed price, and provision must also be made for carrying charges. No such provision had been made in Canada.

Owing to the congestion of the railways in the United States during the winter months, the prices of coarse grains in the United States varied rapidly and considerably, and these variations were regarded by some as due to speculation in the grain exchanges. It is now, I think, very generally conceded that the trouble during the past winter was one of transportation, and not one of speculation in the markets. To some extent the trouble was perhaps enhanced by the policy of the United States in regard to substitutes for wheat

flour. This policy resulted in an increased demand for coarse grains, and that at a time when the railways were badly congested. As the prices of coarse grains went higher, there was considerable demand on both sides of the boundary line for Government regulation of the marketing of the coarse grains. The United States authorities, however, declined to fix prices on grains other than wheat, and declined to interfere in any drastic way with the commercial methods of marketing coarse grains. Indeed, it is not incorrect to say that the United States Food Administration relied upon the grain exchanges to prevent, or minimize, undue speculation, and this is the policy adopted by the United States for the coming year so far as coarse grains are concerned.

The same policy was followed in Canada. So far as Winnipeg is concerned, the marketing of coarse grains during the past year has not been regulated by the Government through the Board of Grain Supervisors. It has been, however, to some extent controlled by the Council of the Grain Exchange itself. What was done in this market in regard to coarse grains during the past twelve months was done by the Council of the Grain Exchange and its committees, and such regulation as was put into force by the Council of the Exchange was caused chiefly by the movement of prices in the United States, and this in turn, as I have stated above, was due chiefly to transportation congestion, and partially to the increased demand for coarse grains. The Council of the Grain Exchange did not seek to interfere in any way with legitimate trading in coarse grains. Its whole purpose was the prevention of anything in the nature of undue speculation, which in the opinion of the Council would have been most undesirable, if not most prejudicial to the permanent interests of the Exchange.

WHEAT

The marketing of wheat during the past year was controlled to some extent by the Canadian Government through the Board of Grain Supervisors. I wish particularly to remind you that the power given to the Board of Grain Supervisors was a limited power. The Board could fix the

price of wheat, and in order to make the price effective it could commandeer wheat. It could also provide for carrying charges, but it could do very little more. If you compare the powers of the Board with those vested in the corresponding body in the United States, you will appreciate what I mean. The United States authorities could negotiate with the representatives of the Allied Governments; could specify the place at which the Allied Governments should accept delivery of the wheat; could purchase wheat and sell it to the agents of the Allied Governments, or to mills; and could determine all the conditions of such delivery. In other words, when the Allied Governments decided to create an agency for the purchase of grain in the United States, the United States Government decided to reply by creating an agency supported by the United States Government to negotiate with the agents for the Allies. They took this step on the simple ground that if the Allied peoples were to buy through a government body, the American producers and dealers should be able to sell through a government body, and in this way they could properly protect and safeguard American interests. An individual is at a disadvantage in negotiating with a government. Individuals in the United States would have been at a disadvantage in negotiating with the body that represented Great Britain, France and Italy. Consequently the United States Government interposed a grain corporation, and the representatives of the Allied Governments had to deal or negotiate with the representatives of the American Government, and they had to negotiate not merely about the price of the grain, but about everything connected with the marketing of grain.

In the United States, therefore, there was a United States Government body which controlled the marketing of all grain and grain products in the United States. That corporation can buy grain if necessary, but one of its main objects is undoubtedly to negotiate with the Wheat Export Company and thereby arrange for the export of grain and grain products. In the United States, therefore, dealers, millers and all connected with the marketing of grain are not com-

pelled to accept the control of any commission or board sitting in London. In Canada, on the other hand, apart from the fixing of the price by the Board of Grain Supervisors and from such arrangements as are made necessary by the fixing of the price, there was during the past year no body competent to perform the functions performed by the United States Grain Corporation. The result is that apart from the fixing of the price, the control of the marketing of Canadian grain was not in Canadian hands. It was in the hands of the Wheat Export Company, acting under instructions received from either the British Royal Commission or some other body in England.

This led to some rather strange developments during the past year. Through the winter months it became practically impossible for any shipper other than the Wheat Export Company to get a car for the hauling of wheat east all-rail. Just how this situation arose it is difficult to say, but the result of it was not hard to understand. The result was that Canadian firms who had been in the business of shipping and forwarding grain for many years could no longer ship a carload of Canadian wheat to a Canadian mill east of the Great Lakes, and this domestic business fell into the hands of the company representing the Allied Governments.

During the winter months there was an insistent call from the Allied communities for wheat. The Board of Grain Supervisors commandeered wheat at various points in the West, ordered it into the Government elevators at Calgary, Saskatoon, Moose Jaw and Winnipeg, to be delivered there to the Wheat Export Company for shipment to the seaboard. Although the climatic conditions were not favorable for rail transportation, a considerable quantity of wheat was in this way forced to the seaboard and shipped across the ocean. This all-rail shipping in midwinter is rather expensive, and the commandeering and diversion meant a considerable disturbance of commercial methods, but we can console ourselves with the thought that we were responding to very urgent appeals from the Allied communities, and we do not grudge

either the expense or the disturbance if thereby we were meeting a real need amongst the Allies in Europe.

When navigation opened there was not a large quantity of wheat left and the arrangement made for the supply of wheat to the eastern mills through the Wheat Export Company was continued, so that for the first time in the history of the Dominion, and for the first time since the war broke out four years ago, Canadian firms could not sell a cargo of wheat to Canadian mills east of the lakes.

The story, therefore, of the marketing of western wheat during the past year is a short and simple one. The Government through its Board of Supervisors fixed the price and the carrying charge. The wheat was delivered to the representatives of the Allies, Fort William. This was applied not only to the wheat exported, but also to the wheat consumed in Canada. The representatives of the Allies bought not only all the grains for export, but handled also the grains for consumption by eastern mills. They secured all the cars during the winter months, and all the boats during the summer months.

Needless to state, this situation was not acceptable to the grain trade either in this city or in Fort William, Toronto or Montreal. It is recognized that the exporting of grain from the Canadian seaboard to the Allied countries is, in a commercial sense, impossible during the war, and that nothing can be done so far as shipping grain from the seaboard to Great Britain is concerned, but it has never been admitted by the trade—and is not admitted to-day—that there was any real justification for a method of handling our grain which results in long-established grain firms being thrown out of business altogether. The trade have always held that they could have put the wheat across the lakes and delivered it to the Wheat Export Company at eastern lake ports, or the seaboard, under such regulations as the Government of Canada might approve, without sacrificing in any way efficiency or dispatch in the handling of the vessels, or interfering in the slightest degree with the flow of wheat to the Allied peoples. They have held, and they still hold, that the machinery for

loading and forwarding the grain from the head of the lakes was a machinery created not by the Allied Governments or their representatives, but by the grain trade at Winnipeg - a machinery which had been tested and found efficient years before the creation of the Wheat Export Company. They have held, and hold still, that it was only because the agent for the Allied Governments could utilize the machinery which the grain trade created that he could perform the service he did with efficiency. They have held, and still hold, that with the machinery which the grain trade created and the control of the Board of Grain Supervisors for Canada, the movement of wheat across the lakes could be performed with dispatch and satisfaction to the Allied Governments without sacrificing Canadian firms that will be needed when the war ends. They have held, and they hold to-day, that within the Dominion of Canada the whole system of the marketing and handling of grain should be controlled by the Government of Canada, and not by any commission, or board, or body created either by Great Britain or by Great Britain and her Allies. The trade are prepared to accept any restrictions put upon them by the Government of Canada, but they have had quite enough of restrictions imposed upon them from across the ocean.

THE NEW ORDER-IN-COUNCIL

From time to time representatives of the grain trade of this city and other Canadian Cities have appealed to the Government of Canada to take control of the whole system of handling grain within the Dominion. As a result of very many interviews, the Government passed an Order-in-Council under date of September 5th, 1918. In this new Order-in-Council the Dominion Government takes over the control of the marketing and handling of the grain within the Dominion. It vests authority in the Board of Grain Supervisors in regard to grain consumed in Canada and grain exported to the Allies. It provides that the agent for the Allied Governments must negotiate with the Board in regard to exported grain, and the Board can specify the place at which the Allied Governments shall accept delivery, the prices and the terms.

etc. It also increases the power of the Board of Grain Supervisors with regard to grain consumed in Canadian mills, and, in a word, through the Board of Grain Supervisors the Government of Canada in this Order-in-Council takes control of the whole movement of grain.

This Order-in-Council is most acceptable to the grain trade of this city and, we believe, to the grain trade of the Dominion. True enough, it will not restore future trading in wheat; it will not permit profiteering; it will not permit of large earnings in the handling of the wheat crop so far as the trade are concerned; but it does provide for Canadian control of the greatest Canadian product, and control through a body which is accessible to the trade and which is responsible to the Government of Canada. This is all the grain trade have asked for, and the grain trade are willing to accept the control of the Board of Grain Supervisors in regard to the handling of the grain. It is not a matter of profits with the trade; it is a matter of survival, in the first instance, and in the second, it is a matter of principle. The grain trade have been, and are still, doing their share in regard to support of the Government in its war efforts, but the grain trade do not believe that the methods of handling Canadian grain since the war broke out have been either in the interest of Canada or in the interest of that relationship which should exist between Canada and the Motherland. It is a matter of regret to us to hear that there is opposition to this Order-in-Council. We trust it will be maintained by the Government, and that while we do our best for the winning of the war we shall maintain the principle of Canadian autonomy in Canadian commerce.

THE CROP PROSPECTS

We all regret the fact that our grain crop in Western Canada has been damaged by the wind, the drought and the frost during this season. You have seen the estimate published by the North West Grain Dealers' Association—an estimate of about 163,000,000 bushels of wheat for the prairie provinces. The producers prepared and seeded a greatly increased acreage. They did their part, and they did it at considerable ex-

pense. It is a great disappointment to us all that we have not thirty bushels to the acre on the increased acreage seeded. How much wheat this country will be able to export as wheat out of its total crop, it is difficult to say, and it is difficult to say how much wheat Canada will ship between now and the close of navigation. If a program was formed on an estimate of about 160,000,000 bushels, then considering the needs of this country for seed for the next year, the need for bread and the difficulty of finding substitutes for wheat flour, it would not be safe administration on the part of our authorities to provide less than 80,000,000 bushels of wheat for total home consumption. This would leave 80,000,000 bushels for export in the form of either wheat or flour. Of this 80,000,000 bushels, a considerable quantity should be milled in Canada both in the interest of our milling industry and more particularly in the interest of feed for livestock. The result would be that the quantity of wheat available for export as wheat this year on an estimate of 160,000,000 bushels crop cannot be a large one. The total business in wheat will not be large, but apparently the export part of it will be less important than the domestic business, which affords an additional reason for securing the domestic business of Canada for Canadian firms.

We are glad to learn that if the Canadian crop is short, there is almost a bumper crop in the United States, and also that a very considerable reserve of wheat and flour has been accumulated in Great Britain. There will be no talk of famine among the Allied communities in Europe this year so far as grain is concerned, and at that we all rejoice. That fact consoles us to some extent for the shortage in our own crop; and there may be in some minds a further consolation in this, that it will not be so difficult this year to finance our wheat crop, and it will not be so difficult to provide the tonnage on the Great Lakes for the carrying of it.
